



DEPARTMENT OF FINANCE FY2023 SECOND QUARTER FINANCIAL STATUS REPORT

MARCH 29, 2023

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AGENDA

QUARTERLY REPORT OVERVIEW

GOVERNMENTAL FUNDS OVERVIEW

General Fund Revenues

General Fund Expenses

PROPRIETARY FUNDS OVERVIEW

Enterprise Funds

DEBT/INVESTMENT PORTFOLIOS

APPENDIX

Direct Payment Update





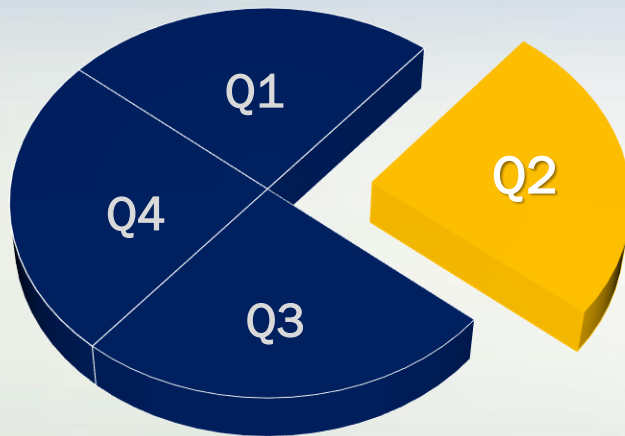
QUARTERLY FINANCIAL REPORT

FY2023 SECOND QUARTER FINANCIAL STATUS REPORT

As of December 31, 2022



Quarterly Financial Report



- Q2 Report covers the Second Quarter of FY2023 (Jul – Dec 2022)
- Provides a summary analysis of the City of Atlanta's budget to actual performance
- Forecasts projected revenue and expenditure activity with explanations of variances
- Identifies and addresses significant issues that may impact year-end performance
- Accounts for legislative items adopted and foreseen during the second quarter



GOVERNMENTAL FUNDS OVERVIEW

GENERAL FUND YEAR TO DATE – REVENUES VS EXPENSES

(Q2 2023)



SUMMARY OF KEY POINTS

Revenues

- Property Tax and Local Option Sales Tax are significantly exceeding budget.
- Highly sensitive COVID-impacted revenue categories: Alcoholic beverage taxes and Hotel/Motel taxes have essentially returned to pre-COVID levels.

As of Q2, the year-end projected revenue surplus is **\$36.4M** or 4.8% of the operating revenue budget.

Expenses

Four main expense categories are expected to end the year over budget:

- Personnel and Employee Benefits
- Purchased/Contract Services
- Supplies
- Capital Outlays

As of Q2, the year-end projected expense overrun associated with these risks is **\$19.8M** or 2.5% of the operating expense budget.

Early estimates indicate a year-end surplus of \$16.6M.

FY23 GENERAL FUND REVENUE PROJECTION

(Q2 2023)



Revenue Category	FY23 Funded Budget	FY23 Actuals (Jul-Dec)	FY23 % Variance	Projected Revenues (Jan-Jun)	Total Projected Revenues (Year-End)	FY23 Variance (Year-End)	FY23 Variance (Year-End)
Property Taxes	263,119,997	269,429,343	102.4%	16,287,389	285,716,732	22,596,735	9%
Public Utility, Alcohol Beverage & Taxes	123,700,000	70,837,141	57.3%	55,278,778	126,115,919	2,415,919	2%
Local Option Sales Taxes	135,100,000	74,929,789	55.5%	66,001,211	140,931,000	5,831,000	4%
Licenses and Permits	117,299,806	34,371,452	29.3%	86,942,216	121,313,667	4,013,861	3%
Other Revenues	8,430,009	3,767,077	44.7%	5,146,865	8,913,942	483,933	6%
Charges For Services	5,150,188	1,756,247	34.1%	2,966,174	4,722,421	(427,767)	-8%
Fines and Penalties	17,848,755	8,945,221	50.1%	9,003,590	17,948,811	100,056	1%
Building Rentals and Concessions	13,280,000	1,238,863	9.3%	7,733,041	8,971,904	(4,308,096)	-32%
Indirect Cost Recovery	30,820,000	15,628,351	50.7%	18,375,522	34,003,873	3,183,873	10%
Hotel & Motel Tax	22,110,000	10,047,604	45.4%	13,337,993	23,385,597	1,275,597	6%
PILOT & Franchise Fees	22,390,000	12,414,366	55.4%	11,195,002	23,609,368	1,219,368	5%
Subtotal	759,248,755	503,365,455	66.3%	292,267,780	795,633,234	36,384,479	4.8%
Fund Balance (Building Permit Fund)	1,350,000	-	-	-	1,350,000	-	-
Fund Balance (General Fund)	27,300,000	-	-	-	27,300,000	-	-
Total Revenues	787,898,755	503,365,455	63.9%	320,917,780	824,283,234	36,384,479	4.6%

The FY23 budget of \$787.9M includes \$1.3M in committed fund balance from the Building Permit Fund and \$27.3M from uncommitted fund balance.

2nd Qtr. (Jul – Dec) actuals were \$503.4M, which represents 63.9% of the total budget and 66.3% of the operational budget.

Projections for the remaining six (6) months of the fiscal year (Jan – Jun) are \$292.3M. The resulting FY23 YE operational forecast of \$795.6M is \$36M or (a 4.8% increase) above the FY23 operational budget of \$759.2M.

Property Taxes are expected to exceed the budget by \$22.6M driven by significant property value increases.

Public Utility, Alcohol Beverage & Tax are projected to exceed the budget by \$2.4M at year-end due to an uptick in alcohol tax revenues & return to pre-COVID alcohol purchasing levels.

Local Option Sales Tax is expected to exceed the budget by \$5.8M primarily due to consumer shopping trends, and the rising cost of goods sold.

Licenses and Permits revenues are projected to exceed the budget at year-end by \$4M due to an increase in building permits revenue.

Building Rentals & Concessions revenues are projected to fall below the budget by (\$4.3M) due to delays in Fulton County IGA contract execution and delivery.

FY2023 GENERAL FUND EXPENDITURE PROJECTION

(Q2 2023)



Major Category	FY23 Funded Budget	FY23 Actuals (Jul - Dec)	FY23 % Budget	FY23 Projections (Jan - Jun)	FY23 Year-End Projections	FY23 Variance (Year End)	FY23 % Variance (Year-End)
Personnel Services and Employee Benefits	501,597,499	240,309,818	48%	270,396,408	510,706,227	(9,108,728)	(1.8%)
Purchased / Contracted Services	121,044,927	65,072,766	54%	65,060,581	130,133,347	(9,088,420)	(7.5%)
Supplies	38,159,935	19,535,212	51%	21,543,003	41,078,215	(2,918,280)	(7.6%)
Capital Outlays	6,332,370	8,388,649	132%	3,886,719	12,275,369	(5,942,999)	(93.9%)
Interfund / Interdepartmental Charges	18,101,001	8,337,274	46%	7,463,826	15,801,100	2,299,901	12.7%
Other Costs	36,105,591	17,834,579	49%	18,436,466	36,271,045	(165,454)	(0.5%)
Debt Service	30,839,216	7,556,065	25%	5,341,342	12,897,407	17,941,809	58.2%
Other Financing Uses	31,656,158	44,472,175	140%	4,090,075	48,562,250	(16,906,092)	(53.4%)
Conversion / Summary	4,062,058	0	0%	0	0	4,062,058	100.0%
Expenses	787,898,755	411,506,538	52%	396,218,421	807,724,959	(19,826,204)	(2.5%)

FY2023 Total Expenses as of December represent 52% of the \$787.9M Funded Budget. As of the Second Quarter, General Fund actual expenditures are trending slightly above budget. Full Year Projections indicate that Year-End Expenses will exceed the budget by **(\$19.8M)** or 2.5% over budget.

Personnel Services and Employee Benefits expenses are expected to exceed budget by **(\$9.1M)**. Main drivers for the projected overrun include:

- Overtime **(\$6M)**
- Comp-Time COVID-19 **(\$2.6M)**
- Salaries, Regular/Sworn & Part-time **(\$7.4M)**
- Extra Help Regular & Sworn **(\$2.2M)**
- Pension/Group Health Insurance **\$6.4M**
- Worker's Comp **\$2.7M**

Purchased/Contracted Services are projected to be over budget by **(\$9.1M)** primarily attributed to investments in public safety and technology.

Supplies are projected to be over budget by **(\$2.9M)** primarily attributed to an increase in uniform costs and purchases for public safety.

Capital Outlays are projected to be over budget by **(\$5.9M)** primarily attributed to the purchase of 67 public safety vehicles and anticipated additional scope of work for AXON contract.

FY2023 GENERAL FUND EXPENDITURE PROJECTION

(Q2 2023)



Department	FY23 Funded Budget	FY23 Actuals (Jul - Dec)	FY23 % Budget	FY23 Projections (Jan - Jun)	FY23 Year-End Projections	FY23 Variance (Year End)	FY23 % Variance (Year-End)
City Council	13,479,468	4,782,703	35%	5,989,173	10,771,876	2,707,591	20.1%
Executive Offices	20,767,911	9,890,990	48%	11,569,099	21,460,089	(692,178)	(3.3%)
Department of Atlanta Information Management	31,970,639	17,952,327	56%	15,402,838	33,355,164	(1,384,525)	(4.3%)
Department Of Law	10,693,920	5,795,472	54%	6,397,979	12,193,451	(1,499,531)	(14.0%)
Department Of Corrections	17,766,864	7,618,016	43%	9,669,816	17,287,832	479,032	2.7%
Department Of Finance	18,603,223	6,766,896	36%	11,018,492	17,785,388	817,835	4.4%
Department Of Procurement	2,706,785	1,195,558	44%	1,196,166	2,391,724	315,061	11.6%
Department Of Public Works	20,069,721	77,078	0%	19,922,924	20,000,002	69,719	0.3%
Dept of Parks & Recreation	44,816,180	24,643,415	55%	25,842,435	50,485,850	(5,669,670)	(12.7%)
Judicial Agencies	13,680,056	6,981,673	51%	7,072,721	14,054,394	(374,338)	(2.7%)
Non-Departmental	110,590,563	79,558,705	72%	29,876,759	109,435,464	1,155,099	1.0%
Department Of Human Resources	7,464,009	3,746,286	50%	4,043,634	7,789,919	(325,910)	(4.4%)
Department Of Fire Services	108,587,425	55,658,593	51%	54,989,492	110,648,085	(2,060,660)	(1.9%)
Department Of Police Services	241,569,813	123,098,784	51%	132,250,510	255,349,294	(13,779,481)	(5.7%)
Department of City Planning	26,539,994	10,733,035	40%	14,630,461	25,363,496	1,176,498	4.4%
Department Of The Solicitor	9,015,782	4,451,650	49%	4,962,339	9,413,989	(398,207)	(4.4%)
The Office of the Inspector General	2,773,823	1,017,825	37%	1,466,149	2,483,974	289,849	10.4%
Atlanta Citizens Review Board	1,486,045	481,989	32%	869,970	1,351,959	134,086	9.0%
Department Of Audit	2,043,989	983,550	48%	853,508	1,837,058	206,931	10.1%
Department Of Public Defender	4,560,814	2,211,972	48%	2,570,292	4,782,264	(221,450)	(4.9%)
Department Of Enterprise Asset Management	15,954,530	6,485,001	41%	9,418,964	15,903,965	50,565	0.3%
Department Of Customer Service	3,693,751	1,540,968	42%	1,714,120	3,255,088	438,663	11.9%
Atlanta Department of Transportation	57,642,561	34,823,591	60%	23,392,295	58,215,886	(573,325)	(1.0%)
Department of Grants and Community Development	1,420,889	1,010,462	71%	1,098,285	2,108,747	(687,858)	(48.4%)
Total City Wide	787,898,755	411,506,538	52%	396,218,421	807,724,959	(19,826,204)	(2.5%)

Fiscal Year 2023 Total Expenses as of December represent 52% of the \$787.9M Funded Budget. However, Full Year Projections as of the Second Quarter indicate that Year-End Expenses will exceed the budget by **(\$19.8M)** or 2.5% over budget.

The departments primarily contributing to the overall projected year-end deficit include:

- **APD (\$13.8M)**
 - Overtime (\$3M)
 - Vehicle Purchases (\$3.7M)
 - Public safety equipment (\$7M)
- **DPR (\$5.7M)**
 - Salaries, Regular (\$3.2M) ; Extra Help (\$.8M)
 - Utilities, Water & Sewer (\$.7M)
 - Building Repair & Maintenance (.5M)
- **AFR (\$2.1M)**
 - Salaries, Regular & Sworn (\$3.3M)
 - Overtime (\$.6M)
 - Motor Repairs \$.9M
- **LAW (\$1.5M)**
 - Outside Counsel and Litigation (\$1.9M)
- **AIM (\$1.4M)**
 - Salaries, Regular & Extra Help (\$0.5M)
 - 311 Technology Enhancements (\$0.9M)



PROPRIETARY FUNDS OVERVIEW

FY2023 ENTERPRISE FUND PROJECTION

(Q2 2023)



Enterprise Funds	FY23 Funded Budget	Actuals Y-T-D (Dec)	Projected Revenues/Expenses	Total Projected Revenues/Expenses	Variance (\$)	Variance (%)
Aviation Revenue Fund						
Revenues	523,630,306	260,480,228	247,945,642	508,425,870	15,204,436	2.9%
Expenses	523,630,306	190,923,968	258,259,375	449,183,343	74,446,963	14.2%
Water & Wastewater Revenue Fund						
Revenues	622,958,662	348,331,716	350,111,324	698,443,040	75,484,378	12.1%
Expenses	622,958,662	295,856,904	234,650,933	530,507,837	92,450,825	14.8%
Solid Waste Services Revenue Fund						
Revenues	60,769,998	25,362,628	28,941,026	54,303,654	(6,466,344)	(10.6%)
Expenses	60,769,998	32,719,904	26,649,983	59,369,887	1,400,111	2.3%

Aviation Revenue Fund

- **Revenues** are projected to be under budget by \$15.2M.
- **Expenses** are projected to be under budget by \$74.5M
 - \$42.8M Fund Wide Reserves
 - \$ 22.5M Contractual Services
 - \$ 7.6M Personnel Services
 - \$ 1.6M Supplies/Other Costs

Water & Wastewater Revenue Fund

- **Revenues** are projected to exceed budget due to higher than anticipated MOST revenue.
- **Expenses** are projected to be under budget by \$92.5M
 - \$ 32.9M Fund Wide Reserves
 - \$ 25.5M GEFA Loan Reserves
 - \$ 20.5M Bad Debt Reserves
 - \$ 11.0M Contractual Services
 - \$ 3.0M Personnel Services

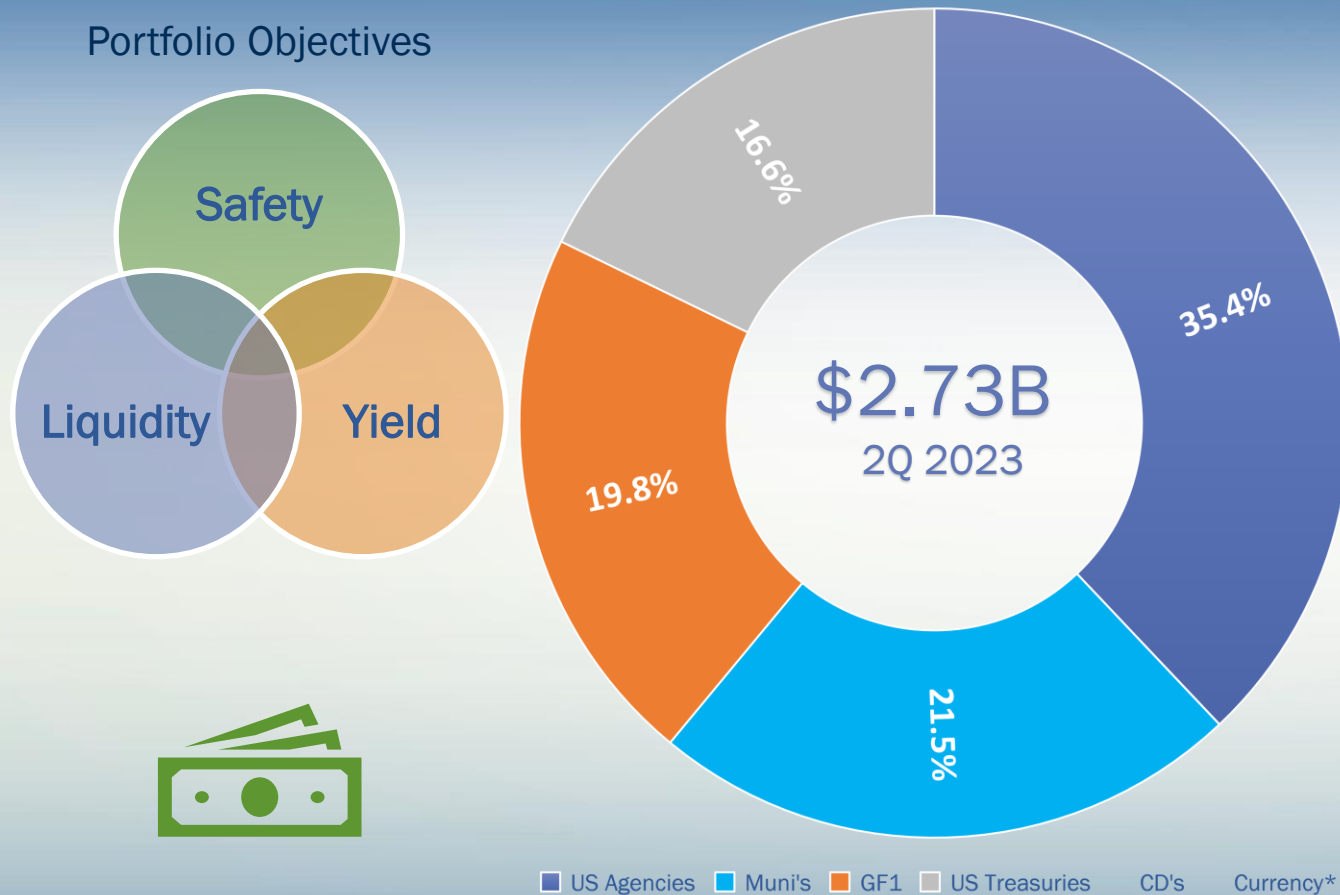
Solid Waste Services Revenue Fund

- **Revenues** are projected to be underbudget by \$6.5M
- **Expenses** are projected to be under budget by \$1.4M
 - \$ 1.0M Contractual Services
 - \$ 0.4M Other Costs



DEBT/INVESTMENT PORTFOLIOS

INVESTMENT PORTFOLIO OVERVIEW



Net Increase
\$40.324 M
Compared to 2Q 2022



Debt Portfolio Overview



- General Obligation
- General Fund
- Tax Allocation Districts
- Aviation
- Water & Wastewater

	General Obligation	General Fund & Other	Tax Allocation Districts	Dept of Aviation	Dept of Watershed
Q2 FY22	\$243,950	\$414,101	\$268,898	\$2,459,171	\$2,940,609
Q2 FY23	\$633,425	\$386,666	\$232,600	\$2,926,404	\$2,828,155
\$	\$389,475	(\$27,435)	(\$36,298)	\$467,232	(\$112,454)
%	159.65%	(6.62%)	(13.49%)	19.00%	(3.82%)

Net Increase
\$680.5M
Outstanding Debt

0%
Variable Rate
Debt

\$0
Total NPV Savings
On Refunded Debt
during FY23

\$131.8M
Energy Savings
Performance
Contracts



ATLANTA CREDIT RATINGS



CITY OF ATLANTA MUNICIPAL BOND RATINGS			
	Moody's	Standard & Poor's	Fitch
General Obligation Bonds	Aa1	AA+	AA+
Water and Wastewater Revenue Bonds	Aa2	AA-	AA
Airport Revenue Bonds - Senior Lien GARBs	Aa3	AA-	AA-
Airport Revenue Bonds- PFC/Subordinate Lien GARBs	Aa3	AA-	AA-
Airport Revenue Bonds Senior Lien Customer Facility Charge	A2	A	A



QUESTIONS/ANSWERS SESSION

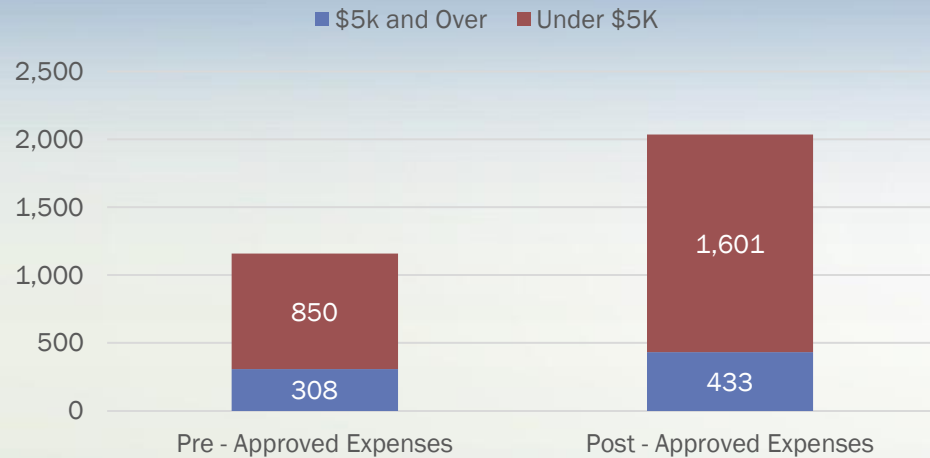


APPENDIX

DIRECT PAYMENTS



2Q-FY23 Direct Payments (3,597 Total)



2Q- FY23 Post Approved Direct Payments Under \$5k (1,106 Total)

